

Message Text

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46

ACTION SS-30

INFO OCT-01 ISO-00 /031 W

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P 281430Z MAR 74

FM AMEMBASSY LUSAKA

TO SECSTATE WASHDC PRIORITY 9942

C O N F I D E N T I A L LUSAKA 0559

EXDIS

EO 11652: GDS

TAGS: EIND, ZA

SUBJECT: TAW

REF: STATE 61040

1. WE DO NOT AT THIS TIME HAVE ANY ESSENTIALLY NEW INSIGHTS INTO MOTIVATIONS FOR GRZ CANCELLATION OF TAW CONTRACT, BUT PERHAPS FOLLOWING BRIEF REVIEW OF SITUATION AS WE SEE IT NOW WILL BE USEFUL.

2. THERE A MIX OF MANY PERSONAL, POLITICAL AND COMMERCIAL INFLUENCES BEHIND THE CANCELLATION, BUT THE EXPENSE AND A BELIEF IN ABILITY TO GET ALONG WELL ENOUGH WITHOUT TAW TRUCKS PROBABLY THE BASIC ELEMENTS. TAW NONPERFORMANCE PROVIDED WHAT GRZ CONSIDERED ADEQUATE LEGAL CAUSE FOR CANCELLATION.

3. INITIAL IMPETUS LEADING TO CANCELLATION CAME FROM THOSE, PARTICULARLY EXPATRIATE ADVISORS, WHO SINCE OUTSET SINCERELY BELIEVED CONTRACT VERY BAD, ONE-SIDED, INORDINATELY EXPENSIVE PROPOSITION FOR GRZ. WITH PASSAGE OF TIME, OTHER JUSTIFICATIONS AND INFLUENCES EMERGED TO MOVE MATTERS TOWARD CANCELLATION. NATURALLY, KEY FACTOR FOR OPPONENTS OF TAW WAS LATTER'S FAILURE TO DELIVER; ZAMBIANS FELT THEY HAD BEEN MISLED. EXPENSE OF TAW DEAL THEN INEVITABLY BEGAN TO APPEAR LESS AND LESS JUSTIFIED WITH THE PROSPECT OF MORE AND MORE TRUCKS FROM OTHER SOURCES ON GRANT
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OR CONCESSIONAL TERMS. TRADE REROUTING SEEMED TO BE

PROGRESSING REASONABLY WELL AND TAW TRUCKS TENDED TO LOOK INCREASINGLY REDUNDANT. SIGHT APPEARS TO HAVE BEEN LOST OF SUPERIOR TAW RECORD DURING PERIOD OF PARTIAL PERFORMANCE WITH TEMPORARY SUBSTITUTE TRUCKS FROM WEST AFRICA.

4. SITUATION WOULD LIKELY HAVE BEEN QUITE DIFFERENT, DESPITE TRUCK DELIVERY DELAY, HAD THERE BEEN BETTER UNDERSTANDING HERE OF TRUCK LEASE CONCEPT, OF THE PARTICULAR LONG-TERM VALUE OF FULL SERVICE ARRANGEMENTS IN ZAMBIAN CONDITIONS, AND OF THE SPECIALIZED CONTRACTUAL PROVISIONS INVOLVED. LACK OF FAMILIARITY WITH THIS TYPE OF TRANSACTION, WE BELIEVE, LED TO WHAT SEEMS TO HAVE BEEN SOME CARELESSNESS IN CANCELLING THE CONTRACT WITHOUT THOROUGH EXAMINATION OF POSSIBLE LEGAL CONSEQUENCES. THIS NOT FIRST TIME GRZ HAS CANCELLED MAJOR AGREEMENT WITHOUT TAKING FULL ACCOUNT OF IMPLICATIONS. OBVIOUS EXAMPLE IS AUGUST 31, 1973, "ABROGATION" OF MINE AGREEMENTS.

5. FOREGOING BASED ON IMPRESSIONS AND INFORMATION AVAILABLE TO US. FOR DETAILED BACKGROUND WOULD REFER PARTICULARLY TO LUSAKA'S 1846, 2131, 2286, A-117, A-154 (ALL 1973) AND A-1 AND A-12, IN ADDITION TO MESSAGES CITED REFTEL. NELSON

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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRUCKS, CONTRACTS, LEASES, FOREIGN INVESTMENTS, TRUCKING COMPANIES, HIGHWAY TRANSPORTATION
Control Number: n/a
Copy: SINGLE
Draft Date: 28 MAR 1974
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974LUSAKA00559
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740067-0958
From: LUSAKA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t1974038/aaaaahdd.tel
Line Count: 86
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION SS
Original Classification: CONFIDENTIAL
Original Handling Restrictions: EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: EXDIS
Reference: STATE 61040
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 04 SEP 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <04 SEP 2002 by WorrelSW>; APPROVED <08 JAN 2003 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: TAW
TAGS: EIND, ZA, TAW
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005